

California Industry Assistance Implementation Workshop

Tuesday May 3, 2016, 10:00am – 12:00pm

Courtyard Room, California Public Utilities Commission, 505 Van Ness Avenue, San Francisco, CA 94102

Call in Information

Number: 866-811-6884

Passcode: 8742156

AGENDA

10:00-10:10	Introductions
10:10-10:45	CA Industry Assistance Status Update <ul style="list-style-type: none">• Overview of CA Industry Assistance• Progress toward distributing credits• Implementation issues• CPUC staffing updates• Credit calculation status update
10:45-11:30	Discussion of issues to resolve before distributing credits <ul style="list-style-type: none">• Phasing of first credit distributions (see Attachment 1)• Other stakeholder suggestions of next steps based on status update
11:30-12:00	Q&A and Next Steps <ul style="list-style-type: none">• Stakeholders may suggest additional implementation improvements for discussion

ATTACHMENT 1: TOPICS FOR STAKEHOLDER FEEDBACK DURING CPUC ENERGY DIVISION WORKSHOP ADDRESSING CA INDUSTRY ASSISTANCE IMPLEMENTATION

Background on CPUC's CA Industry Assistance

Certain industrial facilities, known as “emissions-intensive and trade-exposed” or “EITE” entities are eligible to receive CA Industry Assistance from the State as an annual credit on their utility bill.

This credit is part of the State of California's Cap-and-Trade Program, developed as a result of landmark legislation called the Global Warming Solutions Act of 2006 (AB 32). The program aims to address climate change by limiting the total amount of greenhouse gases (GHG) emitted by the largest sources.

The State of California provides CA Industry Assistance to protect against emissions leakage. Emissions leakage is when emissions decrease within California, but increase outside of California. AB 32 requires the State to minimize leakage to the extent feasible. This credit protects eligible industrial sectors against emissions leakage by compensating them for a portion of the GHG emission costs associated with the electricity they buy. Utilities will distribute this credit annually.

Additional information about CPUC's CA Industry Assistance Credit is available at:

<http://cpuc.ca.gov/industryassistance/>.

Implementing CPUC's CA Industry Assistance

The CPUC's Energy Division is currently working to calculate and distribute the first CA Industry Assistance Credits to facilities. The first distribution of credits will cover years 2013-2016, if a facility operated in an eligible industry in those years.

In implementing the formulas and methodologies necessary to distribute the credits, Energy Division has encountered some implementation issues, and seeks stakeholder input and feedback during the workshop to address the following:

1. Phasing of Credit Distributions

Issue

CPUC's calculations of credits covering 2013-2016 for all facilities may not be completed at the same time. While the majority of credits may be completed quickly, there may be data or calculation issues with certain facilities or industries delaying the calculation of their credit. For example, as discussed above, the calculations for petroleum refineries may take additional time. Distributing 2013-2016 credits for all facilities at the same time could delay distribution of credits that are calculated sooner.

Energy Division Straw Proposal

Energy Division proposes that the initial 2013-2016 credits could be distributed in two or three phases, where the majority of credits could be distributed in the first phase, when most credit calculations are completed. As we resolve data issues and complete the credit calculations for additional groups of facilities or industries, we can provide this information to the utilities to distribute the next batch of credits.

This phasing would apply only to the first distribution of the credits, and not to subsequent annual credit distributions in 2017-2020, which will all occur in April of each of those years.

Questions for Stakeholder Feedback

- Is the phased approach to distributing the first round of credits reasonable? E.g., is it fair, for the first distribution of the credits, that some facilities could receive their credit before others?
- Do stakeholders support the phased approach, if it allows some facilities to receive their credits more quickly?
- What are the utility administrative burdens and costs associated with multiple rounds of credit distributions and outreach to customers?
- What is a reasonable number of phases of credit distributions for this first distribution that balance expedience in distributing credits with reduced administrative burden?

2. Additional Stakeholder Suggestions on Energy Division Next Steps

Based on the discussion during the workshop about implementation challenges encountered to date, stakeholders can provide any additional ideas for process improvements and next steps Energy Division should take to help distribute the CA Industry Assistance Credits more quickly.